

**Risks Associated with a LIBOR Based Variable-to-Fixed Swap:**

**(General Obligation Bonds, Series of 2002)**

**Basis Risk / Interest Rate Risk** – is the risk that interest rates move such that the percentage of the 3-Month LIBOR rate received by the City is lower than the variable rate paid by the City to bondholders in connection with its potential future variable rate refunding bonds (the “Bonds”). If the percentage of 3-Month LIBOR rate received by the City is lower than the variable rate the City is paying to its bondholders of the Bonds the City would not have an effective hedge.

**Tax Risk** – is the risk that the tax laws change (such as adoption of a National Flat Tax or a reduction in the marginal income tax rates) would cause a reduction or elimination of the benefits of issuing tax-exempt debt and, in this event, the percentage of the taxable (3-Month LIBOR) market most likely would not correlate to the tax-exempt market (SIFMA Index) on the same historic basis and the estimated benefit to the City would be significantly reduced or eliminated.

**Counterparty Risk** – is the risk that the counterparty will not perform or default on their swap payments under the interest rate swap agreement to the City.

**Termination Risk** – is the risk that the City decides to terminate the Swap or a termination event occurs and the City is obligated to terminate the Swap and market conditions are such that the City is “out of the money.” In an “out of the money” scenario the City would have to make a termination payment to the counterparty to terminate the Swap which could be significant.

**Liquidity (Issuance) Risk** – is the risk that when the City cannot obtain or continue a letter of credit or insurance and a liquidity facility to secure the payments on the Bonds. If the City cannot obtain or continue a letter of credit or insurance and a liquidity facility in the future the Bondholders may be forced to tender their Bonds for purchase in which case the City may be forced either retire or refund the Bonds.

## **SCHEDULE VI**

### **TERMINATION VALUES OF THE PROPOSED INTEREST RATE MANAGEMENT AGREEMENT**

#### CALCULATION OF POTENTIAL TERMINATION PRICE

[illegible]

APPENDIX II

Form of 2009 Confirmation



# WACHOVIA

## AMENDED AND RESTATED SWAP TRANSACTION CONFIRMATION

**Date:** February 03, 2009  
**To:** City of Reading, PA ("Counterparty")  
**Address:** 815 Washington St.  
 Reading PA  
 19601-3690 USA  
**Fax:** 615-655-6427  
**Attention:** Tammie Kipp  
**From:** Wachovia Bank, N.A. ("Wachovia")  
**Ref. No.** DRAFT

Dear Tammie Kipp:

Reference is made that certain Confirmation dated March 18, 2005 between the Counterparty and Wachovia regarding a Transaction with a Wachovia reference number of 1080633, a Trade Date of March 04, 2005 an Effective Date of May 15, 2012, and a Termination Date of November 15, 2019 ("Prior Confirmation"). **This Confirmation amends and restates the Prior Confirmation.**

This confirms the terms of the Transaction described below between Counterparty and Wachovia. The definitions and provisions contained in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern. Fixed Amounts and Floating Amounts for each applicable Payment Date hereunder will be calculated in accordance with the ISDA Definitions, and if any Fixed Amount and Floating Amount are due for the same Payment Date hereunder, then those amounts shall not be payable and instead the Fixed Rate Payer shall pay the positive difference, if any, between the Fixed Amount and the Floating Amount, and the Floating Rate Payer shall pay the positive difference, if any, between the Floating Amount and the Fixed Amount. This Confirmation amends, restates and replaces any prior Confirmation of this Transaction.

The Transaction to which this Confirmation relates is a Swaption, the terms of which are as follows:

1. Swaption Terms:

Trade Date:	March 04, 2005
Option Style:	European
Seller:	Counterparty
Buyer:	Wachovia
Premium:	USD 343,700.00
Premium Payment Date:	March 18, 2005
Exercise Business Days:	New York

2. Procedure for Exercise:

Expiration Date:	February 15, 2012
Earliest Exercise Time:	9:00 a.m. New York time
Expiration Time:	11:00 a.m. New York time
Partial Exercise:	Inapplicable
Automatic Exercise:	Inapplicable
Fallback Exercise:	Applicable
Written Confirmation:	Applicable as provided in Section 12.2 of the ISDA Definitions.

3. Settlement Terms:

Settlement:	Physical
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4. The terms of the particular Underlying Swap Transaction to which this Swaption relates are as follows:

Wachovia: DRAFT

Transaction Type: Interest Rate Swap  
Currency for Payments: U.S. Dollars  
Notional Amount: For a Calculation Period, the amount set forth opposite that Calculation Period on Attachment I hereto  
Term:  
     Trade Date: March 04, 2005  
     Effective Date: May 15, 2012. The Effective Date is the first day of the first Calculation Period. However, the rights and obligations of both parties under this Transaction are in effect as of the Trade Date.  
     Termination Date: November 15, 2019  
Fixed Amounts:  
     Fixed Rate Payer: Counterparty  
     Period End Dates: Annually on the 15th of each November commencing November 15, 2012, through and including the Termination Date; No Adjustment.  
     Payment Dates: Annually on the 15th of each November commencing November 15, 2012, through and including the Termination Date.  
     Business Day Convention: Following  
     Business Day: New York  
     Fixed Rate: 5.097%  
     Fixed Rate Day Count Fraction: 30/360  
Floating Amounts:  
     Floating Rate Payer: Wachovia  
     Period End Dates: Monthly on the 15th of each month, commencing June 15, 2012, through and including the Termination Date; No Adjustment.  
     Payment Dates: Monthly on the 15th of each month, commencing June 15, 2012, through and including the Termination Date.  
     Business Day Convention: Following  
     Business Day: New York  
     Spread: Inapplicable  
     Floating Rate Day Count Fraction: Actual/Actual  
     Method of Averaging: Weighted Average  
     Compounding: Inapplicable  
     Rounding convention: 5 decimal places per the ISDA Definitions.  
     Floating Rate Option: XXX.XX% USD-LIBOR-BBA, provided that for purposes of this Transaction the definition of USD-LIBOR-BBA appearing in the ISDA Definition, is amended by replacing the words "the day that is two London Banking Days preceding" with the words "the day that is one London Banking Day preceding". This means that USD-LIBOR-BBA for any Reset Date will be set one London Banking Day prior to that Reset Date rather than two London Banking Days prior to that Reset Date.  
     Designated Maturity: 3 Months  
     Reset Dates: For a Calculation Period, the Reset Dates shall be each Thursday in the Calculation Period, provided that for the first Calculation Period, the Effective Date of this Transaction shall also be included as a Reset Date. Reset Dates shall be subject to adjustment in accordance with the Following Business Day Convention.

5. The additional provisions of this Confirmation are as follows:

Calculation Agent: As per the Master Agreement  
Payment Instructions: Wachovia Bank, N.A.  
     CIB Group, ABA 053000219  
     Ref: Derivative Desk (Trade No: DRAFT)

Wachovia: DRAFT



Wachovia Contacts:

Account #: 04659360006116  
 Settlements and/or Rate Resets:  
 Tel: (800) 249-3865  
 Fax: (704) 383-9139

Documentation :  
 Tel: (704) 383-4599  
 Fax: (704) 383-9139

Collateral :  
 Tel: (704) 383-9529

Payments to Counterparty:

Please quote transaction reference number.  
 Please provide written payment instructions.  
 Wachovia will make no payments until  
 written payment instructions are received.  
 Phone: 1-800-249-3865 Fax: 1-704-383-8429

Insurer Provisions:

The following provisions shall apply to any Transactions for which a financial guaranty insurance policy (the "Swap Policy") has been issued by Financial Security Assurance Inc. (the "Swap Insurer"), for the account of Counterparty, as principal, and Wachovia, as beneficiary, (the "Insured Transactions"), including the Transaction to which this Confirmation relates.

- (i) Designation of Early Termination Date. Notwithstanding anything to the contrary in Section 6 of the Master Agreement, if any:

- (A) Event of Default in respect of any Insured Transaction under the Master Agreement occurs; or
- (B) Termination Event in respect of any Insured Transaction under the Master Agreement occurs;

then, in either such case, neither Wachovia nor Counterparty shall designate an Early Termination Date in respect of any such Insured Transaction unless:

- (W) Either (a) the reduction of the financial strength rating or claims paying rating of Swap Insurer is below a rating of:
  - (i) A- by Standard & Poor's Rating Service ("S&P"); or
  - (ii) A3 by Moody's Investor's Service Inc. (Moody's); or
- (b) the withdrawal or suspension by either S&P or Moody's (together referred to herein as the "Rating Agencies") of a rating in respect of the financial strength rating or the claims paying rating of Swap Insurer and such rating is not reinstated within 30 business days;
- (X) The Swap Insurer has failed to pay any payment when due to Wachovia under the terms and conditions of the Swap Policy and such failure continues at the time of designation of Early Termination Date; or,
- (Y) The Swap Insurer has otherwise consented in writing to such designation.

Notwithstanding anything in the Master Agreement, if any Event of Default under the Master Agreement occurs, with Counterparty as the Defaulting Party, then the Swap Insurer (so long as it has not failed to pay any payment over to Wachovia under the terms and conditions of the Swap Policy), shall have the right (but not the obligation) upon notice to Wachovia to designate an Early Termination Date with respect to Counterparty with the same



effect as if such designation were made by Wachovia. For purposes of the foregoing sentence, an Event of Default with respect to Counterparty shall be considered to be continuing, notwithstanding any payment by the Swap Insurer under the Swap Policy. Wachovia and Counterparty acknowledge that, except as the Swap Policy may be otherwise endorsed, unless the Swap Insurer designates an Early Termination Date (as opposed to merely consenting to such designation by one of the parties) Settlement Amounts due from Counterparty because an Early Termination Date has been designated will not be insured.

Notwithstanding anything to the contrary in Section 6(a) or 6(b) of the Master Agreement, Counterparty shall not designate an Early Termination Date pursuant to the Master Agreement without the prior written consent of the Insurer, provided, however, that Counterparty shall have the right to designate an Early Termination Date without the prior written consent of the Insurer if Counterparty will not be obligated to pay a Settlement Amount in connection with such Early Termination or Counterparty demonstrates that it has funds available to pay any Settlement Amount due upon such Early Termination.

- (ii) No suspension of payments. Notwithstanding Section 2(a)(iii) of the Master Agreement, Wachovia shall not suspend any payments due under an Insured Transaction under Section 2(a)(iii) unless the Swap Insurer is in default in respect of any payment obligations under the Swap Policy.
- (iii) Representations and agreements. Each party agrees that each of its representations and agreements in the Master Agreement is expressly made to and for the benefit of the Swap Insurer.
- (iv) Third-party beneficiary. Wachovia and Counterparty hereby each acknowledge and agree that Swap Insurer shall be an express third-party beneficiary (and not merely an incidental third-party beneficiary) of the Master Agreement and this Confirmation and the obligations of such party under any Insured Transaction, and as such, entitled to enforce the Agreement and the terms of any such Insured Transaction against such party on its own behalf and/or on behalf of the holders of the related Bonds and otherwise shall be afforded all remedies available hereunder or otherwise afforded by law against the parties hereto to redress any damage or loss incurred by Swap Insurer including, but not limited to, fees (including professional fees), costs and expenses incurred by Swap Insurer which are related to, or resulting from any breach by such party of its obligations hereunder.
- (v) Policy coverage. Wachovia and Counterparty hereby each acknowledge and agree that Swap Insurer's obligation with respect to Insured Transactions shall be limited to the terms of the Swap Policy. Notwithstanding Section 2 (e) or any other provision of the Master Agreement, Swap Insurer shall not have any obligation to pay interest on any amount payable by Counterparty under the Master Agreement or this Confirmation.
- (vi) Subrogation. Wachovia and Counterparty hereby acknowledge that to the extent of payments made by Swap Insurer to Wachovia under the Swap Policy, Swap Insurer shall be fully subrogated to the rights of Wachovia against Counterparty under the Insured Transaction to which such payments relate, including, but not limited to, the right to receive payment from Counterparty and the enforcement of any remedies. Wachovia hereby agrees to assign to Swap Insurer its right to receive payment from Counterparty under any Insured Transaction to the extent of any payment thereunder by Swap Insurer to Wachovia. Counterparty hereby acknowledges and consents to the assignment by Wachovia to Swap Insurer of any rights and remedies that Wachovia has under any Insured Transaction or any other document executed in connection herewith.
- (vii) Isolation of Insured Transactions in designating an Early Termination Date. Notwithstanding Section 6 of the Master Agreement, any designation of an Early Termination Date in respect of the Insured Transactions by Swap Insurer or by Wachovia shall apply only to the Insured Transactions and not to any other Transaction under the Master Agreement, unless Wachovia shall also have designated an Early Termination Date in respect of such other Transaction. Nothing contained in this paragraph shall affect the rights of Wachovia under the Master Agreement to designate an Early Termination Date in respect of any Transaction other than the Insured Transactions, which designation shall not apply to the Insured Transactions unless expressly provided in such designation and unless Swap Insurer shall have designated, or consented to the designation by Wachovia of, an Early Termination Date in respect of the Insured Transactions in accordance with paragraph (i) above.
- (viii) No netting. Notwithstanding Section 2(c) of the Master Agreement, in no event shall either Wachovia or



Counterparty be entitled to net its payment obligations in respect of the Insured Transactions against the payment obligations of the other party in respect of other Transactions under the Master Agreement if such Transactions are not Insured Transactions, nor may either Wachovia or Counterparty net the payment obligations of the other party under Transactions that are not Insured Transactions against the payment obligations of such party under Insured Transactions, it being the intention of the parties that their payment obligations under Insured Transactions be treated separate and apart from all other Transactions. Section 6(e) of the Master Agreement shall apply to all Insured Transactions with the same effect as if the Insured Transactions constituted a single master agreement. Notwithstanding Section 6(e) of the Master Agreement, the amount payable under Section 6(e) of the Master Agreement upon the termination of any Insured Transaction shall be determined without regard to any Transactions other than the Insured Transactions, it being the intention of the parties that their payment obligations under the Insured Transactions be treated separate and apart from all other Transactions unless otherwise specified in such other Transaction and agreed to in writing by Swap Insurer. Netting of payments by Wachovia and Counterparty shall be permitted across all Transactions for which Financial Security Assurance Inc. is the Swap Insurer.

(ix) No set-off or counterclaim. In no event shall either Wachovia or Counterparty be entitled to:

- (A) set-off its payment obligations in respect of an Insured Transaction against the payment obligations of the other party (whether by counterclaim or otherwise) if such obligations are not Insured Transactions, or
- (B) net the payment obligations of the other party that are not with respect to Insured Transactions against the payment obligations of such party under Insured Transactions,

it being the intention of the parties that their payment obligations under Insured Transactions be treated separate and apart from all other obligations. Notwithstanding Section 6(e) of the Master Agreement, the amount payable under Section 6(e) of the Master Agreement upon the termination of any Insured Transaction shall be determined without regard to any obligation other than those under the Insured Transactions, it being the intention of the parties that their payment obligations under the Insured Transactions be treated separate and apart from all other obligations unless otherwise specified in such other obligation and agreed to in writing by Swap Insurer.

- (x) Expenses. Counterparty agrees to reimburse Swap Insurer immediately and unconditionally upon demand for all reasonable expenses incurred by Swap Insurer in connection with the enforcement by Swap Insurer of Counterparty's obligations under the Master Agreement and any other documents executed in connection with the execution and delivery of the Master Agreement and this Confirmation, including, but not limited to, fees (including professional fees), costs and expenses that are incurred by Swap Insurer and are related to, or resulting from any breach by Counterparty of its obligations hereunder or under the Resolution authorizing this Agreement.
- (xi) Transfers/Assignments. Notwithstanding Section 7 of the Master Agreement, no Insured Transaction may be assigned or transferred by either Wachovia or Counterparty without the prior written consent of Swap Insurer. However Wachovia may make such an assignment to an affiliate of Wachovia without Swap Insurer's prior written consent, if Wachovia provides a guaranty of the Assignee's performance of this Agreement, as assigned, and an opinion of counsel to Wachovia relating thereto, each acceptable to Swap Insurer.
- (xii) Amendments/waivers. No amendment, modification, supplement or waiver of the Master Agreement or this Confirmation will be effective unless in writing and signed by each of the parties hereto and unless the parties hereto shall have obtained the prior written consent of the Insurer.
- (xiii) Notices. A copy of each notice or other communication between the parties with respect to the Master Agreement or this Confirmation must be forwarded to Swap Insurer.
- (xiv) Reference Market-makers. The definition of "Reference Market-makers" set forth in Section 12 of the Master Agreement shall be amended in its entirety to read as follows:

"Reference Market-makers" means four (4) leading dealers in the relevant swap market selected by the party



determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time of deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among dealers having an office in the greater New York City metropolitan area. The rating classification assigned to any outstanding long-term senior debt securities issued by such dealers shall be at least (1) "Aa3" or higher as determined by Moody's Investors Service, Inc., (2) "AA-" or higher as determined by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or (3) an equivalent investment grade rating determined by a nationally-recognized rating service acceptable to both parties, provided, however, that in any case, if Market Quotations cannot be determined by four (4) such dealers, the party making the determination of the Market Quotation may designate, with the consent of the other party and Swap Insurer, one (1) or more leading dealers whose long-term senior debt bears a lower investment grade rating.

- (xv) Coordination with Related Bonds. Counterparty will comply with all provisions of the Resolution and of the document authorizing the issuance of the Related Bonds. The Notional Amount of each Insured Transaction must correspond to the outstanding principal amount of the Related Bonds. If the Related Bonds are (I) converted to a mode other than the mode in which they are on the date of execution of the Master Agreement or (II) redeemed (other than mandatory sinking fund redemptions), defeased or purchased by Counterparty in lieu of redemption, Counterparty must first (a) obtain the Swap Insurer's prior written consent to such action or (b) deliver to the Swap Insurer of an opinion of bond counsel to Counterparty to the effect that upon such conversion of mode, redemption, defeasance or purchase, as the case may be, the Swap Agreement will continue to be a legal, valid and binding full faith and credit obligation of Counterparty and Wachovia is entitled to the remedies for which provision is made in Section 8283 of Title 53 of the Pennsylvania Consolidated Statutes, as amended.
- (xvi) Revised Notional Amount Amortization. Wachovia agrees that if the Notional Amount of an Insured Transaction has changed, it will provide a new schedule incorporating such changes for attachment to the Swap Policy following approval by the Swap Insurer.
- (xvii) Insurer Payment Rate. The Counterparty shall reimburse Financial Security amounts paid under the Swap Policy and all costs of collection thereof and enforcement of the Swap Agreement at the Insurer Payment Rate. "Insurer Payment Rate" means the lesser of (a) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank ("Chase") at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3 percent and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Insurer Payment rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, Prime Rate shall be the publicly announced prime or base lending rate of such national bank as Financial Security shall specify.
- (xviii) Notwithstanding anything to the contrary in the Master Agreement, the Swap Insurer shall not be the "Credit Support Provider" and the Swap Policy shall not be a "Credit Support Document."
- (xix) The term "Related Bonds" shall mean for purposes of this Confirmation, the Counterparty's General Obligation Bonds, Series 2002 dated February 26, 2002 (the "2002 CAB Bonds") and the general obligation refunding bonds or notes of the Counterparty issued to refund all or a portion of such 2002 CAB Bonds.
- (xx) The following should be added to Part 4(g) of the Schedule to the Master Agreement for purposes of the Transaction:
  - (iv) Notwithstanding subsections (i) and (ii) of this section 4(g), affirmative and negative covenants incorporated into the Master Agreement by reference shall not be enforceable by Party A to the extent Financial Security Assurance Inc. has the sole right to direct remedies with respect to such covenants or to direct or consent to actions taken, including without limitation the acceleration of indebtedness, pursuant to any such Financial Agreement.

Additional Provisions:

In connection with the execution of this Transaction, Counterparty hereby acknowledges that Wachovia has paid a legal fee of USD 10,000.00 to Stevens & Lee as swap counsel to Counterparty and a fee of USD 25,435.00 to Financial Solutions as swap financial advisor to the Counterparty.

Documentation

This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement between Wachovia and Counterparty dated as of April 15, 2003, as amended and supplemented from time to time (the "Master Agreement"). All provisions contained or incorporated by reference in the Master Agreement will govern this Confirmation except as expressly modified herein.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us at fax number (704) 383-9139.

Very truly yours,  
Wachovia Bank, N.A.

By: \_\_\_\_\_  
Name:  
Title:

Ref. No. DRAFT

Accepted and confirmed as of date first above written:  
City of Reading, PA

By: \_\_\_\_\_  
Name:  
Title:

Wachovia: DRAFT



**ATTACHMENT I**  
Amortization Schedule for DRAFT

<u>Calculation Period</u> (from and including, to but excluding)			<u>USD Notional Amount</u>	<u>USD Notional Reduction</u> (at end of period)
15 May 12	to	15 Nov 13	18,595,000.00	2,030,000.00
15 Nov 13	to	15 Dec 13	16,565,000.00	0.00
15 Dec 13	to	15 Jan 14	16,565,000.00	0.00
15 Jan 14	to	15 Feb 14	16,565,000.00	0.00
15 Feb 14	to	15 Mar 14	16,565,000.00	0.00
15 Mar 14	to	15 Apr 14	16,565,000.00	0.00
15 Apr 14	to	15 May 14	16,565,000.00	0.00
15 May 14	to	15 Jun 14	16,565,000.00	0.00
15 Jun 14	to	15 Jul 14	16,565,000.00	0.00
15 Jul 14	to	15 Aug 14	16,565,000.00	0.00
15 Aug 14	to	15 Sep 14	16,565,000.00	0.00
15 Sep 14	to	15 Oct 14	16,565,000.00	0.00
15 Oct 14	to	15 Nov 14	16,565,000.00	2,440,000.00
15 Nov 14	to	15 Dec 14	14,125,000.00	0.00
15 Dec 14	to	15 Jan 15	14,125,000.00	0.00
15 Jan 15	to	15 Feb 15	14,125,000.00	0.00
15 Feb 15	to	15 Mar 15	14,125,000.00	0.00
15 Mar 15	to	15 Apr 15	14,125,000.00	0.00
15 Apr 15	to	15 May 15	14,125,000.00	0.00
15 May 15	to	15 Jun 15	14,125,000.00	0.00
15 Jun 15	to	15 Jul 15	14,125,000.00	0.00
15 Jul 15	to	15 Aug 15	14,125,000.00	0.00
15 Aug 15	to	15 Sep 15	14,125,000.00	0.00
15 Sep 15	to	15 Oct 15	14,125,000.00	0.00
15 Oct 15	to	15 Nov 15	14,125,000.00	2,605,000.00
15 Nov 15	to	15 Dec 15	11,520,000.00	0.00
15 Dec 15	to	15 Jan 16	11,520,000.00	0.00
15 Jan 16	to	15 Feb 16	11,520,000.00	0.00
15 Feb 16	to	15 Mar 16	11,520,000.00	0.00
15 Mar 16	to	15 Apr 16	11,520,000.00	0.00
15 Apr 16	to	15 May 16	11,520,000.00	0.00
15 May 16	to	15 Jun 16	11,520,000.00	0.00
15 Jun 16	to	15 Jul 16	11,520,000.00	0.00
15 Jul 16	to	15 Aug 16	11,520,000.00	0.00
15 Aug 16	to	15 Sep 16	11,520,000.00	0.00
15 Sep 16	to	15 Oct 16	11,520,000.00	0.00
15 Oct 16	to	15 Nov 16	11,520,000.00	3,120,000.00
15 Nov 16	to	15 Dec 16	8,400,000.00	0.00
15 Dec 16	to	15 Jan 17	8,400,000.00	0.00
15 Jan 17	to	15 Feb 17	8,400,000.00	0.00
15 Feb 17	to	15 Mar 17	8,400,000.00	0.00
15 Mar 17	to	15 Apr 17	8,400,000.00	0.00
15 Apr 17	to	15 May 17	8,400,000.00	0.00
15 May 17	to	15 Jun 17	8,400,000.00	0.00
15 Jun 17	to	15 Jul 17	8,400,000.00	0.00

<u>Calculation Period</u> (from and including, to but excluding)			<u>USD Notional Amount</u>	<u>USD Notional Reduction</u>
15 Jul 17	to	15 Aug 17	8,400,000.00	0.00
15 Aug 17	to	15 Sep 17	8,400,000.00	0.00
15 Sep 17	to	15 Oct 17	8,400,000.00	0.00
15 Oct 17	to	15 Nov 17	8,400,000.00	3,520,000.00
15 Nov 17	to	15 Dec 17	4,880,000.00	0.00
15 Dec 17	to	15 Jan 18	4,880,000.00	0.00
15 Jan 18	to	15 Feb 18	4,880,000.00	0.00
15 Feb 18	to	15 Mar 18	4,880,000.00	0.00
15 Mar 18	to	15 Apr 18	4,880,000.00	0.00
15 Apr 18	to	15 May 18	4,880,000.00	0.00
15 May 18	to	15 Jun 18	4,880,000.00	0.00
15 Jun 18	to	15 Jul 18	4,880,000.00	0.00
15 Jul 18	to	15 Aug 18	4,880,000.00	0.00
15 Aug 18	to	15 Sep 18	4,880,000.00	0.00
15 Sep 18	to	15 Oct 18	4,880,000.00	0.00
15 Oct 18	to	15 Nov 18	4,880,000.00	3,440,000.00
15 Nov 18	to	15 Dec 18	1,440,000.00	0.00
15 Dec 18	to	15 Jan 19	1,440,000.00	0.00
15 Jan 19	to	15 Feb 19	1,440,000.00	0.00
15 Feb 19	to	15 Mar 19	1,440,000.00	0.00
15 Mar 19	to	15 Apr 19	1,440,000.00	0.00
15 Apr 19	to	15 May 19	1,440,000.00	0.00
15 May 19	to	15 Jun 19	1,440,000.00	0.00
15 Jun 19	to	15 Jul 19	1,440,000.00	0.00
15 Jul 19	to	15 Aug 19	1,440,000.00	0.00
15 Aug 19	to	15 Sep 19	1,440,000.00	0.00
15 Sep 19	to	15 Oct 19	1,440,000.00	0.00
15 Oct 19	to	15 Nov 19	1,440,000.00	1,440,000.00

SCHEDULE I

MAXIMUM SCHEDULED PAYMENTS UNDER THE INTEREST RATE SWAP  
AGREEMENT

EXPECTED SCHEDULED PAYMENTS UNDER THE INTEREST RATE SWAP  
AGREEMENT



City of Reading, Pennsylvania

MAXIMUM PERIODIC NET PAYMENTS

Payment Date	DEBT SERVICE (General Obligation Bonds, Series of 2002)					2002 SWAPTION (Assumes 0% 3M LIBOR Averages)				NET SWAP PAYMENTS		
	Principal	Coupon	Interest	Maturity Amount	Annual Debt Service	ESTIMATED FLOATING RECEIPT		FIXED PAYMENT		Net Debt Service	Net Swap Payments (Annual)	Outstanding National
						Rate (%)	Receipt	Rate	Payment			
5/15/2012						0.0000%	-	5.0970%	473,894	473,894	473,894	18,595,000
11/15/2012						0.0000%	-	5.0970%	473,894	473,894	473,894	18,595,000
5/15/2013						0.0000%	-	5.0970%	473,894	473,894	473,894	18,595,000
11/15/2013	2,030,000.00	5.150%		2,030,000.00	2,030,000.00	0.0000%	-	5.0970%	473,894	2,503,894	(947,787)	18,595,000
5/15/2014						0.0000%	-	5.0970%	473,894	473,894	473,894	18,595,000
11/15/2014	2,440,000.00	5.300%		2,440,000.00	2,440,000.00	0.0000%	-	5.0970%	473,894	2,913,894	(844,318)	18,595,000
5/15/2015						0.0000%	-	5.0970%	473,894	473,894	473,894	18,595,000
11/15/2015	2,605,000.00	5.450%		2,605,000.00	2,605,000.00	0.0000%	-	5.0970%	473,894	3,078,894	(719,951)	18,595,000
5/15/2016						0.0000%	-	5.0970%	473,894	473,894	473,894	18,595,000
11/15/2016	3,120,000.00	5.550%		3,120,000.00	3,120,000.00	0.0000%	-	5.0970%	473,894	3,593,894	(587,174)	18,595,000
5/15/2017						0.0000%	-	5.0970%	473,894	473,894	473,894	18,595,000
11/15/2017	3,520,000.00	5.650%		3,520,000.00	3,520,000.00	0.0000%	-	5.0970%	473,894	4,038,894	(428,148)	18,595,000
5/15/2018						0.0000%	-	5.0970%	473,894	473,894	473,894	18,595,000
11/15/2018	3,440,000.00	5.700%		3,440,000.00	3,440,000.00	0.0000%	-	5.0970%	473,894	3,913,894	(248,734)	18,595,000
5/15/2019						0.0000%	-	5.0970%	473,894	473,894	473,894	18,595,000
11/15/2019	1,440,000.00	5.750%		1,440,000.00	1,440,000.00	0.0000%	-	5.0970%	473,894	1,913,894	(73,397)	18,595,000
	18,595,000			18,595,000	18,595,000		-		4,323,403	22,918,403	(3,845,509)	

(1) Assumes a 0.00% 3-Month LIBOR Average

City of Reading, Pennsylvania

MAXIMUM PERIODIC NET RECEIPTS

Payment Date	DEBT SERVICE (General Obligation Bonds, Series of 2002)				2002 SWAPTION (Assumes a 20% 3-Month LIBOR Average)				NET SWAP PAYMENTS		
	Principal	Coupon	Interest	Maturity Amount	ESTIMATED FLOATING RECEIPT		FIXED PAYMENT		Net Debt Service	Net Swap Payments (Annual)	Outstanding Notional
					Rate (%)	Annual Receipt	Rate	Annual Payment			
5/15/2012					20.7000%	1,924,583	5.0970%	473,894	(1,450,689)		18,595,000
11/15/2012					20.7000%	1,924,583	5.0970%	473,894	(1,450,689)		18,595,000
5/15/2013	2,030,000.00	5.150%		2,030,000.00	20.7000%	3,849,165	5.0970%	947,787	579,311	2,901,378	18,595,000
11/15/2013					20.7000%	1,714,478	5.0970%	422,159	(1,292,318)		16,565,000
5/15/2014	2,440,000.00	5.300%		2,440,000.00	20.7000%	3,428,955	5.0970%	844,318	1,147,682	2,584,637	16,565,000
11/15/2014					20.7000%	1,461,938	5.0970%	359,976	(1,101,962)		14,125,000
5/15/2015	2,605,000.00	5.450%		2,605,000.00	20.7000%	1,461,938	5.0970%	359,976	1,503,038	2,203,924	14,125,000
11/15/2015					20.7000%	1,192,320	5.0970%	293,587	(898,733)		11,520,000
5/15/2016	3,120,000.00	5.550%		3,120,000.00	20.7000%	2,384,640	5.0970%	587,174	2,221,267	1,797,466	11,520,000
11/15/2016					20.7000%	869,400	5.0970%	214,074	(655,326)		8,400,000
5/15/2017	3,520,000.00	5.650%		3,520,000.00	20.7000%	1,738,800	5.0970%	428,148	2,864,674	1,310,652	8,400,000
11/15/2017					20.7000%	505,080	5.0970%	124,367	(380,713)		4,880,000
5/15/2018	3,440,000.00	5.700%		3,440,000.00	20.7000%	1,010,160	5.0970%	248,734	3,059,287	761,426	4,880,000
11/15/2018					20.7000%	149,040	5.0970%	36,698	(112,342)		1,440,000
5/15/2019	1,440,000.00	5.750%		1,440,000.00	20.7000%	298,080	5.0970%	73,397	1,327,658	224,683	1,440,000
11/15/2019						17,558,258		4,323,403	5,360,145	11,784,166	
	18,595,000			18,595,000							

(1) Assumes a 20.00% 3-Month LIBOR average - 103.50% of the 20.00% 3-Month LIBOR average (20.70%)

\* Actual percentage (%) of 3-Month LIBOR rate received by the City can only be determined at the actual time the swap is executed (103.50% is estimated based on current market conditions)

City of Reading, Pennsylvania

ESTIMATED PERIODIC SCHEDULED NET RECEIPTS (PAYMENTS)

Payment Date	DEBT SERVICE (General Obligation Bonds, Series of 2002)				2012 SWAPTION (Assumes 24-Year 3M LIBOR Averages)				NET SWAP PAYMENTS			
	Principal	Coupon	Interest	Maturity Amount	Annual Debt Service	ESTIMATED FLOATING RECEIPT			FIXED PAYMENT			Outstanding National
						Rate (%)	Receipt	Annual Receipt	Rate	Payment	Annual Payment	
5/15/2012						5.4315%	504,994	504,994	5.0970%	473,894	473,894	18,595,000
11/15/2012						5.4315%	504,994	504,994	5.0970%	473,894	473,894	18,595,000
5/15/2013						5.4315%	504,994	504,994	5.0970%	473,894	473,894	18,595,000
11/15/2013	2,030,000.00	5.150%		2,030,000.00	2,030,000.00	5.4315%	449,864	1,009,987	5.0970%	473,894	947,787	18,595,000
5/15/2014	2,440,000.00	5.300%		2,440,000.00	2,440,000.00	5.4315%	383,600	899,728	5.0970%	422,159	844,318	16,565,000
11/15/2014	2,440,000.00	5.300%		2,440,000.00	2,440,000.00	5.4315%	383,600	899,728	5.0970%	422,159	844,318	16,565,000
5/15/2015	2,605,000.00	5.450%		2,605,000.00	2,605,000.00	5.4315%	312,854	767,199	5.0970%	359,976	719,951	14,125,000
11/15/2015	2,605,000.00	5.450%		2,605,000.00	2,605,000.00	5.4315%	312,854	767,199	5.0970%	359,976	719,951	14,125,000
5/15/2016	3,120,000.00	5.550%		3,120,000.00	3,120,000.00	5.4315%	228,123	625,709	5.0970%	293,387	587,174	11,520,000
11/15/2016	3,120,000.00	5.550%		3,120,000.00	3,120,000.00	5.4315%	228,123	625,709	5.0970%	293,387	587,174	11,520,000
5/15/2017	3,520,000.00	5.650%		3,520,000.00	3,520,000.00	5.4315%	132,529	456,246	5.0970%	214,074	428,148	8,400,000
11/15/2017	3,520,000.00	5.650%		3,520,000.00	3,520,000.00	5.4315%	132,529	456,246	5.0970%	214,074	428,148	8,400,000
5/15/2018	3,440,000.00	5.700%		3,440,000.00	3,440,000.00	5.4315%	99,107	265,057	5.0970%	124,367	248,734	4,880,000
11/15/2018	3,440,000.00	5.700%		3,440,000.00	3,440,000.00	5.4315%	99,107	265,057	5.0970%	124,367	248,734	4,880,000
5/15/2019	1,440,000.00	5.750%		1,440,000.00	1,440,000.00	5.4315%	4,607,134	4,607,134	5.0970%	36,698	73,397	1,440,000
11/15/2019	1,440,000.00	5.750%		1,440,000.00	1,440,000.00	5.4315%	4,607,134	4,607,134	5.0970%	36,698	73,397	1,440,000
	18,595,000			18,595,000	18,595,000					4,323,403	4,323,403	252,631

(1) Assumes the 24-Year 3-Month LIBOR average (5.2478%) - 103.50% of the 24-year 3-Month LIBOR average (5.4315%)

\* Actual percentage (%) of 3-Month LIBOR rate received by the City can only be determined at the actual time the swap is executed (103.50% is estimated based on current market conditions)

SCHEDULE II

MAXIMUM AMOUNTS PAYABLE UNDER 2002 BONDS AND THE INTEREST RATE  
SWAP AGREEMENT



City of Reading, Pennsylvania

MAXIMUM PERIODIC NET PAYMENTS

Payment Date	DEBT SERVICE (General Obligation Bonds, Series of 2002)				2002 SWAPTION (Assumes 0% 3M LIBOR Averages)				NET SWAP PAYMENTS			Outstanding National
	Principal	Coupon	Interest	Maturity Amount	Annual Debt Service	ESTIMATED FLOATING RECEIPT		FIXED PAYMENT		Net Debt Service	Net Swap Payments (Annual)	
						Rate (%)	Receipt	Rate	Payment			
5/15/2012						0.0000%	-	-	5.0970%	473,894	473,894	18,595,000
11/15/2012						0.0000%	-	-	5.0970%	473,894	473,894	18,595,000
5/15/2013	2,030,000.00	5.150%		2,030,000.00	2,030,000.00	0.0000%	-	-	5.0970%	473,894	947,787	18,595,000
11/15/2013						0.0000%	-	-	5.0970%	422,159	-	16,565,000
5/15/2014	2,440,000.00	5.300%		2,440,000.00	2,440,000.00	0.0000%	-	-	5.0970%	422,159	844,318	16,565,000
11/15/2014						0.0000%	-	-	5.0970%	359,976	-	14,125,000
5/15/2015	2,605,000.00	5.450%		2,605,000.00	2,605,000.00	0.0000%	-	-	5.0970%	359,976	719,951	14,125,000
11/15/2015						0.0000%	-	-	5.0970%	293,587	-	11,520,000
5/15/2016	3,120,000.00	5.550%		3,120,000.00	3,120,000.00	0.0000%	-	-	5.0970%	293,587	587,174	8,400,000
11/15/2016						0.0000%	-	-	5.0970%	214,074	-	8,400,000
5/15/2017	3,520,000.00	5.650%		3,520,000.00	3,520,000.00	0.0000%	-	-	5.0970%	214,074	428,148	8,400,000
11/15/2017						0.0000%	-	-	5.0970%	124,367	-	4,880,000
5/15/2018	3,440,000.00	5.700%		3,440,000.00	3,440,000.00	0.0000%	-	-	5.0970%	124,367	248,734	4,880,000
11/15/2018						0.0000%	-	-	5.0970%	36,698	-	1,440,000
5/15/2019	1,440,000.00	5.750%		1,440,000.00	1,440,000.00	0.0000%	-	-	5.0970%	36,698	73,397	1,440,000
11/15/2019						0.0000%	-	-	5.0970%	1,476,698	(73,397)	1,440,000
	18,595,000			18,595,000	18,595,000		-	-		4,323,403	22,918,403	(3,849,509)

(1) Assumes a 0.60% 3-Month LIBOR Average